

FISCAL NOTE

SB 2674 - HB 2745

February 16, 2006

SUMMARY OF BILL: Exempts the retail sale of *used household items* from the sales and use tax when such items are sold by an institution or organization which has received a determination of exemption from the Internal Revenue Service under federal law.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$1,575,000

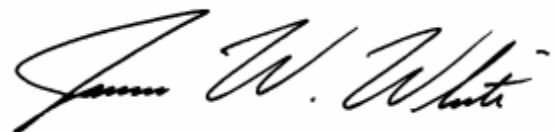
Decrease Local Govt. Revenues - \$506,000

Assumptions:

- "Household items" means all furnishings, furniture, small appliances, and other merchandise suitable for general home use.
- According to the Department of Revenue (DOR), approximately \$25.7 million in sales are claimed exempt by charitable organizations each year (most of which is for used clothing).
- Total sales for these charitable organizations are estimated at \$48.2 million.
- \$22.5 million is assumed for "used household items" (\$48.2 million - \$25.7 million = \$22.5 million).
- The decrease in state revenues is estimated at \$1,575,000 (\$22.5 million X 7% state rate = \$1,575,000).
- The decrease in local government revenues is estimated at \$506,000 (\$22.5 million X 2.25% local option tax rate = \$506,250).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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